GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:745
ANSWERED ON:05.03.2002
SALE OF PROPERTIES OF HOTELS
AJAY CHAKRABORTY;S. SAIDUZZAMAN

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government have decided to sell the prime properties of public sector hotels in the country;

(b) if so, the details thereof alongwith market value of properties, hotel-wise;

(c) the prices at which the properties have already been sold; and

(d) the details of properties put on sale for the next round?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

(a) Pursuant to the acceptance of the recommendations of the Disinvestment Commission, the decision regarding disinvestment of the hotel properties of both India Tourism Development Corporation Limited (ITDC) and Hotel Corporation of India (HCI) has beer taken by the Government.

(b) to (d) The Government`s disinvestment plan in respect of the hotel properties/businesses of ITDC and HCI is as under: -

India Tourism Development Corporation Limited (ITDC)India Tourism Development Corporation Limited (ITDC)

(i) Four hotel properties owned by ITDC, viz., Hotel Ashok Delhi, Hotel Samrat Delhi, Hotel Ashok Bangalore and Lalitha Maha Palace Hotel, Mysore to be demerged into a separate company with the existing shareholding pattern as that of ITDC and given on long-term lease-cum-management contract basis.

(ii) Each of the 22 ITDC owned hotel properties to be demerged into separate shell companies for the limited purpose of disinvestment of Government equity. Each demerged company would have a shadow shareholding pattern as that of ITDC i.e., Government (89.97), the Indian Hotels Company Limited (around 10%) and the employees & others (around 0.03%).Each of these properties would be transferred to the shell companies after a purchaser for the particular property is selected through the disinvestment process and 99.97% shareholdings in these companies would be disinvested in favour of the purchaser so selected.

(iii) Regarding the hotels run by ITDC in Joint Ventures with the State Governments, the Disinvestment Commission made recommendations for 100% disinvestment for Ranchi Ashok Bihar Hotel Corporation and Utkal Ashok Hotel Corporation only. Decision regarding disinvestment in respect of the Joint Venture hotels including these hotels would be taken after negotiation and settlement of the issues with the State Governments.

Hotel Corporation of India (HCI)

(i) The following hotel and air catering businesses of HCI are to be sold individually on slump sale basis: -

(1) Centaur Hotel Airport Mumbai

(2) Centaur Hotel Airport Delhi (including Chefair Delhi)

(3) Centaur Hotel Juhu Beach Mumbai

(4) Chefair Mumbai

(5) Indo Hokke Hotels Ltd. (Centaur Rajgir)

(ii) HCI is a subsidiary of Air India Ltd. Hence, the proceeds from its disinvestment would accrue to Air India Ltd.

The status of disinvestment of the hotel properties/businesses of ITDC/HCI, details of the bids received and the amounts received/to be received are indicated in Annexure.

Annexure to the reply to part (b) to (d) of the Lok Sabha Unstarred Question No. 745 for 05.03.2002 regarding `Sale of properties of Hotels` by Shri Saiduzzama and Shri Ajoy Chakraborty.

(1) Eight (8) hotels of ITDC were taken up for disinvestment/restructuring in the 1st tranche. Advertisement for these hotels was issued in December 2000. Financial Bids from the shortlisted Qualified Interested Parties were invited in November 2001. The position regarding these hotels is indicated below: -

Hotel	Purchaser	Bid Amount (Rupees)	Date of completion of transaction/ Remarks
Ashok Hotel New Delhi (Lease--cum-Management Contract)	There was no bidder for this Hotel even after two rounds of bidding in November 2001 and January 2002. Decision has been taken to invite fresh Expressions of Interest through advertisement.		
Ashok Bangalore(Lease-cum-Management Contract)	M/s Bharat Hotels Ltd.	4,11,00,000.00Minimum Guaranteed Annual Payment (MGAP).39,41,15,415.00 Upfront amount (Upfront Amount inclusive of payments to AAI. Security Deposit for 2 years; 50% of discounted MGAP for 30 years; MGAP for 4 months from Dec 2001 to March 2002 and Business Transfer Consideration for both Hotel and Airport Restaurant)	29.11.2001
Agra Ashok	M/s. Mohan Singh	3,93,25,320.00GOI to receive Rs. 3,53,92,672.94IHCL to receive Rs. 39,32,647.06+ (7,27,680 to Agra Cantonment Board)	7.2.2002
Madurai Ashok	M/s. Sangu Chakra Hotels Private Limited	5,48,59,877.00GOI to receive Rs. 4,93,73,728.79IHCL to receive Rs. 54,86,148.21+ (3,91,144 to Corporation of Madurai)	31.1.2002
Badhgaya Ashok	M/s.Lotus Nikko Hotels	2,01,04,813.00GOI to receive Rs. 1,80,94,272.88IHCL to	

	receive Rs. 20,10,540.12 29.11.2001		
Hassan Ashok	M/s. Malnad Hotels and Resorts (P) Ltd. 2,51,37,200.00 GOI to receive Rs. 2,26,23,406.45IHCL to receive Rs. 25,13,793.55+ (62,800 to Hassan Municipality)		29.11.2001
TBABR, Mamallapuram	G.R. Thanga Maligai (P) Limited 6,80,79,300.00 GOI to receive Rs. 6,12,71,170.81 IHCL to receive Rs. 68,08,129.19		1.2.2002
Ashok Manali	-	There was no bidder for this Hotel.Advertisement inviting fresh EOIs has been issued for taking up this hotel alongwith the hotels to be disinvested in the 3rd tranche.	

2. Nine (9) hotels of ITDC were taken up in the 2nd tranche (advertised in February 2001). Financial Bids from the shortlisted Qualified Interested Parties (QIPs) were invited in January 2002. The position in respect of these 9 hotels is indicated below: -

Hotel	Purchaser	Bid Amount (Rs.)	Date of completion of transaction/Remarks, if any
Lodhi Hotel New Delhi	M/s Silverlink Holdings Ltd	76,22,01,925.00+	Transaction to be completed.
Qutab Hotel, New Delhi	M/s Sushil Gupta and Consortium	35,67,54,179.00+	- do -
Laxmi Vilas Palace Hotel, Udaipur	M/s Bharat Hotels Ltd	7,52,00,000.00 GOI to receive Rs. 6,76,79,779.97 IHCL to receive Rs. 75,20,220.03	26.02.2002
Hotel Kanishka & Hotel Indraprastha, N.Delhi	-	These two hotels were taken up together. There was no compliant bid. Decision has been taken to invite fresh Expressions of Interest through advertisement after analysis of probable reasons behind lack of bidders` response and sorting out the issues, if any.	
Hotel Janpath, N.Delhi	-	There was no compliant bid. Decision has been taken to invite fresh Expressions of Interest	

through advertisement after analysis of probable reasons behind lack of bidders` response and sorting out the issues, if any.

Hotel Ranjit, New Delhi - do

Hotel Varanasi Ashok do

Samrat Hotel, N.Delhi

(Lease-cum-Management Contract) Financial bid for this hotel was not invited. Decision has been taken to invite fresh Expressions of Interest (EOIs) through re-advertisement. Bids will be invited from the existing Qualified Interested Parties as well as the new qualified parties who would be submitting their EOIs against fresh advertisement.

+ Note: The amounts to be realised by the Government/MCD/ L&DO from the sale of shares of Qutab Hotel and Lodhi Hotel are as under:-

Realisation to: -	Qutab Hotel (Rs. crores)	Lodhi Hotel (Rs. crores)
Government for 89.97% equity	10.99	40.28
MCD (on account of outstanding property taxes and service charges)	16.14	1.61
L&DO (towards half the unearned increase in the value of the leased land)	7.32	26.85
L&DO (towards damage charges and penalty for unauthorised construction)	-	3.00
Total	34.45++	71.74++

++ [The value of 10% share capital to be realised by the Indian Hotel Company Limited (Rs.1,22,06,607.00 for Qutab Hotel and Rs.4,47,58,629.00 for Lodhi Hotel) have not been included in the above]

Besides the above realisations, the L&DO will receive Annual Rent and Security Deposit as under: -

(a) Qutab Hotel Annual rent@ 2.5% of value assigned to Land (rent to increase by 30% every 10 years) Rs.36,61,875/-

Interest free refundable security deposit equivalent to 3 years rent (deposit to increase by 30% every 10 years) Rs.1,09,85,625/-

(b) Lodhi Hotel Annual rent @ 2.5% of value assigned to Land (rent to increase by 30% every 10 years) 1,34,27,196/-

Interest free refundable security deposit equivalent to 3 years rent (deposit to increase by 30% every 10 years) 4,02,81,588/-

3. Advertisement inviting Expressions of Interest (EOIs) has been issued on 1st January 2002 for the following 9 hotels: -

(i) Kovalam Ashok Beach Resort, Kovalam

(ii) Hotel Airport Ashok, Kolkata

(iii) Hotel Jaipur Ashok, Jaipur

(iv) Hotel Pataliputra Ashok, Patna

(v) Hotel Kalinga Ashok, Bhubaneshwar

(vi) Hotel Jammu Ashok, Jammu

(vii) Hotel Khajuraho Ashok, Khajuraho

(viii) Hotel Aurangabad Ashok, Aurangabad
(ix) Hotel Manali Ashok, Manali (carried over from the 1st tranche)

Status of disinvestment in respect of the HCI businesses

1. Advertisement inviting Expressions of Interest (EOIs) from the prospective bidders were issued in October 2000 for the following businesses of HCI:

(i) Centaur Hotel Airport Mumbai

(ii) Centaur Hotel Juhu Mumbai

(iii) Centaur Hotel Airport Delhi (including Chefair Delhi)

(iv) Chefair Mumbai

(v) Indo Hokke Hotels Limited (Centaur Rajgir)

2. After completion of the due process of due diligence and data room study by the Qualified Interested Parties (QIPs), financial bids were invited from the QIPs in November 2001.The bids in respect of Centaur Hotel Juhu Beach Mumbai and Indo Hokke Hotels Limited were accepted by the Government. The bids for Centaur Hotel Airport Mumbai and Centaur Hotel Airport Delhi (including Chefair Delhi) being lower than the respective reserve prices of these businesses were not accepted by the Government.There was no bidder for Chefair Mumbai.

3. Financial bids were re-invited in January 2002 from the existing QIPs for Centaur Hotel Airport Mumbai, Centaur Hotel Airport Delhi (including Chefair Delhi) and Chefair Mumbai.Valuation of these businesses was also done afresh by the Advisors. The Government accepted the bid received for Centaur Hotel Airport Mumbai. There was no bidder for the other two businesses.

4. The transaction documents in respect of the three businesses for which the Government has accepted bids are yet to be executed. The names of the successful bidders and their bid prices are as under:

Hotel	Name of the successful bidder	Bid Amount(Rs.)
Centaur Hotel Juhu Beach Mumbai	M/s Tulip Hospitality Services Pvt.Ltd.	153 crores
Indo Hokke Hotels Ltd.(Centaur Rajgir)	M/s Inpac Travels (India) P Ltd.	6.51 crores
Centaur Hotel Airport Mumbai	M/s A.L. Batra	83.00 crores

5. For the remaining two businesses, viz., Centaur Hotel Airport Delhi (including Chefair Delhi) and Chefair Mumbai, it has been decided to invite fresh Expressions of Interest through advertisement after analysis of the probable reasons behind lack of bidders` response and sorting out the issues, if any.